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Canada

Agricultural Situation

Wheat and Barley Production Lowest in 28 and 34 Year, Respectively, Reports Statistics Canada 2002

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Report Highlights:

The 2002 crop year will be remembered as one of the worst growing seasons for western Canada. Total wheat production is expected to decline to 15.4 MMT, the lowest level in 28 years. Barley production could fall to a 34-year low of 7.9 MMT, and the canola crop will reach 3.2 MMT, only half of its annual average over the past decade. Many producers believe that conditions were the driest ever experienced in the West.

Includes PSD changes: No
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WHEAT CROP LOWEST IN 28 YEARS AT 15.4 MMT; BARLEY CROP SMALLEST IN 34 YEARS AT 7.9 MMT; CANOLA DROPS TO 3.2 MMT

On August 23, Statistics Canada released its *July 31 Estimate of Production of Principal Field Crops* as part of its *Field Crop Reporting Series, No. 5*. The following material is based on this latest Statistics Canada report.

The 2002 crop year will be remembered as one of the worst growing seasons for western Canada. Many producers believe that conditions were the driest ever experienced in the West.

Data from a survey of farmers conducted from July 26 to August 2 show that total wheat production is expected to decline to the lowest level in 28 years. Although production of durum wheat is expected to rise, producers anticipate spring wheat production will be the lowest since 1970.

Farmers also expect total barley production to fall to a 34-year low. The canola crop will reach only about one-half of its annual average over the past decade.

Hardest hit are producers in Alberta, where the spring wheat crop is expected to decline 50% from 2001; barley production will be down 44% and canola, 57%.

Soil moisture reserves were low since fall 2001 and the spring brought cool, dry and windy weather. This resulted in delayed seeding, poor crop germination and late plant development. Temperatures warmed up in the summer, but heavy spring rains were limited to the areas south of the Trans-Canada Highway. Central and northern Saskatchewan and Alberta were hit especially hard with a drought and a heavy grasshopper infestation. In early August, unseasonably cool temperatures dipped below freezing, heralding the potential for an early frost.

In 2001, the drought affected the southern areas of Alberta and Saskatchewan. In 2001, the drought hit the larger central and northern areas of these provinces, representing some of the most productive land in western Canada. So far, growing conditions in Alberta and Saskatchewan have been worse than in 1988, the year of the last major drought.

For the second straight year, eastern Manitoba experienced excessive moisture and flooding caused by late spring rains, although the area affected was much smaller than last year. Western Manitoba again suffered from a lack of precipitation. Despite this, Manitoba producers generally fared much better than producers in Alberta and Saskatchewan.

This year's drought also had a significant impact on livestock production. The lack of water, extremely poor pasture conditions and a lack of feed resulted in cattle herd liquidation throughout Alberta and Saskatchewan.

Table: Field Crop Production As of July 31, 2002

Crop	Area		Yield	Production	2001 to 2002 % Change	5-Year Average
	Seeded	Harvested	On Harvested	2002		
	'000 hectares		kilograms per hectare	'000 metric tonnes		
Winter wheat	398.2	379.7	4,100	1,553.2	-1%	-
Spring wheat	7,749.7	6,288.6	1,600	10,215.0	-36%	18,365.0
Durum wheat	2,488.8	2,266.3	1,600	3,679.5	23%	4,674.0
All wheat	10,636.7	8,934.6	1,700	15,447.7	-25%	24,585.0
Oats	2,398.0	1,477.5	2,000	3,026.7	13%	3,433.0
Barley	5,147.1	3,606.3	2,200	7,882.7	-27%	12,749.0
Fall Rye	98.5	67.7	1,900	127.4	-	-
Spring Rye	16.2	4.0	1,200	4.9	-	-
All Rye	114.7	71.7	1,800	132.3	-42%	321.0
Corn for Grain (1)	1,229.0	1,178.7	6,900	8,083.4	-	7,850.0
Canola	3,890.0	3,202.1	1,000	3,238.4	-34%	6,977.0
Soybeans (1)	974.7	964.6	2,500	2,442.0	53%	2,506.0
Flaxseed	692.0	673.8	1,100	708.7	-1%	881.0
Dry peas	1,296.9	1,082.1	1,400	1,553.5	-23%	2,248.0

(1) Ontario and Quebec only.

Wheat Production Lowest since 1974

Wheat yields this season were adversely affected by high temperatures and lack of moisture, especially in western Canada. Total wheat production, estimated at 15.4 million metric tons (MMT), would be the lowest since 1974. Spring wheat production promises to be the lowest since 1970 at 10.2 MMT.

Western Canadian wheat production excluding durum is expected to be down nearly 40% from 2001 to 10.2 MMT. The average yield will drop to 23.9 bushels per acre, compared with 29.2 bushels per acre in 2001. This yield is better than expected, but it is based on harvested acres rather than total acres. In western Canada, out of the 25.4 million seeded wheat acres, 4.2 million acres are not expected to be harvested. These abandoned fields will be used for grazing animals or left fallow until next year.

Durum production is expected to be up 23% from 2001 to 3.7 MMT. This change is a result of an area increase of 15% to 6.2 million acres combined with an 11% increase in yield to 24.1

bushels. The 10-year average for yield is 31.3 bushels per acre. Durum is mainly grown in the southern part of the Prairies, which suffered a drought in 2001. This year, growing conditions in the south are much better, thanks to timely and adequate spring rains.

Barley Production Lowest Since 1968

Barley production is expected to drop to 7.9 MMT from 10.8 MMT in 2001. This estimate is the lowest since 1968, when production totaled 7.1 MMT. Barley yield for 2002 is estimated at 40.6 bushels per acre, the lowest yield in the past 30 years. Harvested acres were estimated at 8.9 million acres, about 3.8 million less than what was seeded. A high percentage of barley fields were cut for silage, used for grazing cattle or simply abandoned because of poor harvest prospects.

Western Canadian barley production is estimated at 6.7 MMT in 2002. Feed usage in this region over the past few years has been in the range of 7.0 to 8.5 MMT. Feed usage, combined with export demand, industrial use and seed, will result in a serious deficit situation for barley in 2002. Tight barley stocks in the 2001/02 crop year resulted in US corn imports estimated at 2.0 MMT. These imports will undoubtedly increase in 2003; however, the demand will be tempered by the liquidation of cattle throughout Alberta and Saskatchewan.

Supplies of other feed stuff for the livestock industry are very tight. Hay production across western Canada was drastically reduced as a result of the hot dry weather. Cattle producers were forced to pay exorbitant prices for baled hay or reduce their herd size. Statistics Canada will release production estimates for hay in November.

Dry Weather Cuts Canola Production

Canola production is expected to drop to 3.2 MMT, compared with 4.9 MMT in 2001. This is about half of the 10-year average production of 6.3 MMT.

Although the seeded acreage for 2002 was up 2% from 2001 to 9.6 million acres, dry and hot conditions throughout the growing area decimated production.

Harvested area was reported to be 1.7 million acres less than the seeded acreage. Yields were estimated at only 18.0 bushels per acre against the 10-year average of 24.3 bushels.

Oat Production up on Increased Acreage

Seeded oat area increased 26% from 2001 to 5.9 million acres, the highest oat area since 1976. Production for 2002 is estimated at 3.0 MMT, up from 2.7 million in 2001, but well below the 10-year average of 3.4 MMT.

Dry weather is expected to reduce yields to 53.8 bushels per acre, compared with the 10-year average of 64.3 bushels.

Corn Production Unchanged

Corn producers in Quebec and Ontario have been experiencing below-average conditions. However, corn production is expected to reach 8.1 MMT, the same as 2001.

Corn yields were reported to be up 3.6 bushels per acre from 2001 to 109.3 bushels, but still slightly below the 10-year average of 112.0 bushels per acre. Although moisture conditions were good in the spring, high temperatures throughout July reduced yield prospects.

Ontario farmers had better conditions than in 2001 and yields were estimated at 112.4 bushels per acre, up 9.3 bushels from 2001. Quebec growers experienced difficult climate conditions this summer; as a result, yield estimates fell to 103.7 bushels per acre, a decline of 6.9 bushels from 2001.

Ontario and Quebec began the year with cool wet conditions, but the situation improved as the summer brought warmer temperatures. Ontario crops suffered some stress in July during a period of prolonged heat and dry weather. However, good rains improved the situation in early August for most counties. High temperatures returned to eastern Canada in mid-August, causing yield reductions in corn.

Soybean Production Up

Quebec and Ontario experienced good growing conditions for soybeans to bring production up to 2.4 million tonnes, compared with 2001's disastrous 1.6 million tonnes. Yield estimates jumped 66% to 37.6 bushels per acre.

Ontario had the greatest improvement in yields, moving from 21.1 bushels per acre in 2001 to 37.3 bushels. Quebec yield estimates improved 23% from 2001 to 39.7 bushels per acre, just below the 10-year average of 41.4 bushels.

Comments

Private industry estimates for canola have put production in the 3.0 MMT to 3.3 MMT range, somewhat lower than what Statistics Canada has estimated. The incredible decrease in production of total wheat in Western Canada for 2002/03 has been offset in part due to increased durum production, relative to 2001/02, but durum production for the current crop year is still 23% below last year's production number. Oats are being considered by some trade as the darling crop this marketing year with seeded acreage up over last year.

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